PX 149

Message
_____

From:	▮▮▮▮▮▮▮ ipple.com]
on behalf of	▮▮▮▮▮ ripple.com> ▮▮▮▮ ripple.com]
Sent:	12/19/2013 5:59:37 PM
To:	Chris Larsen [Chris Larsen ▮▮▮ @ripple.com>]; Doug Chertok [Doug Chertok <▮▮▮▮▮▮▮▮; jesse [jesse ▮▮▮▮▮▮▮▮ Jed McCaleb [Jed McCaleb ▮▮▮▮▮▮ email.com>]; David Schwartz [David Schwartz ▮▮▮▮▮▮ pple.com>]; Arjan Schutte [Arjan Schutte ▮▮▮▮▮▮ Buddy Arnheim [Buddy Arnheim ▮▮▮▮▮▮ Hogue, Colette (Perkins Coie) [Hogue, Colette (Perkins Coie) ▮▮▮▮▮▮ Knight, Christy (Perkins Coie) [Knight, Christy (Perkins Coie) ▮▮▮▮▮▮
Subject:	Board Call Materials
Attachments:	Ripple Labs Board Meeting - Dec 19, 2013.pdf

Dear Board,

Please find attached materials for tomorrow's call. Provided below is the conference bridge for voice and the Join.me link for screen sharing. Thanks!

Kind regards,
Anna

ANNA SEE | EXECUTIVE ASSISTANT | **Ripple Labs Inc.**
anna@ripple.com | www.ripple.com | www/ripplelabs.com
T. 415.967.1836 | F. 415.520.5585

RPLI_SEC 0646482

Agenda
Board Meeting December 18, 2013

Participants:

Chris Larsen - Chairman
Doug Chertok –Director
Jed McCaleb - Director
Jesse Powell - Director
David Schwartz - Director
Arjan Schutte – Obeserver
Buddy Arnheim - Counsel

Financials – Chris Larsen

Financing Activity – Chris Larsen

Technology Update – ███████

Risk and Regulation Update – Greg Kidd

Product Roadmap – ███████

Business Development Update – Patrick Griffin

Market Making Update – Phil Rapoport

Technical Update – ███████

Team and Recruiting Update – Chris Larsen

Approval of minutes - Buddy

Product Roadmap – ███████

Developers - SDK
Gateways - Gateway in a box
Client - Consumer applications
Merchants - Marqeta card
Market Makers
WCG - Give away programs results of prior programs, future programs
China

Business Development Update – Patrick Griffin

███████████

Market Making Update – Phil Rapoport

Objectives and strategy

████████████

Team and Recruiting Update – Chris Larsen

██████████

Binc Search renewal
Build quickly
XRP end of year incentives
Salary and equity range discussion
Approve new pool – granted 9.75%, 1% left, should have another 9.75%,
1,500,000

Approval of minutes - Buddy

Financials Update
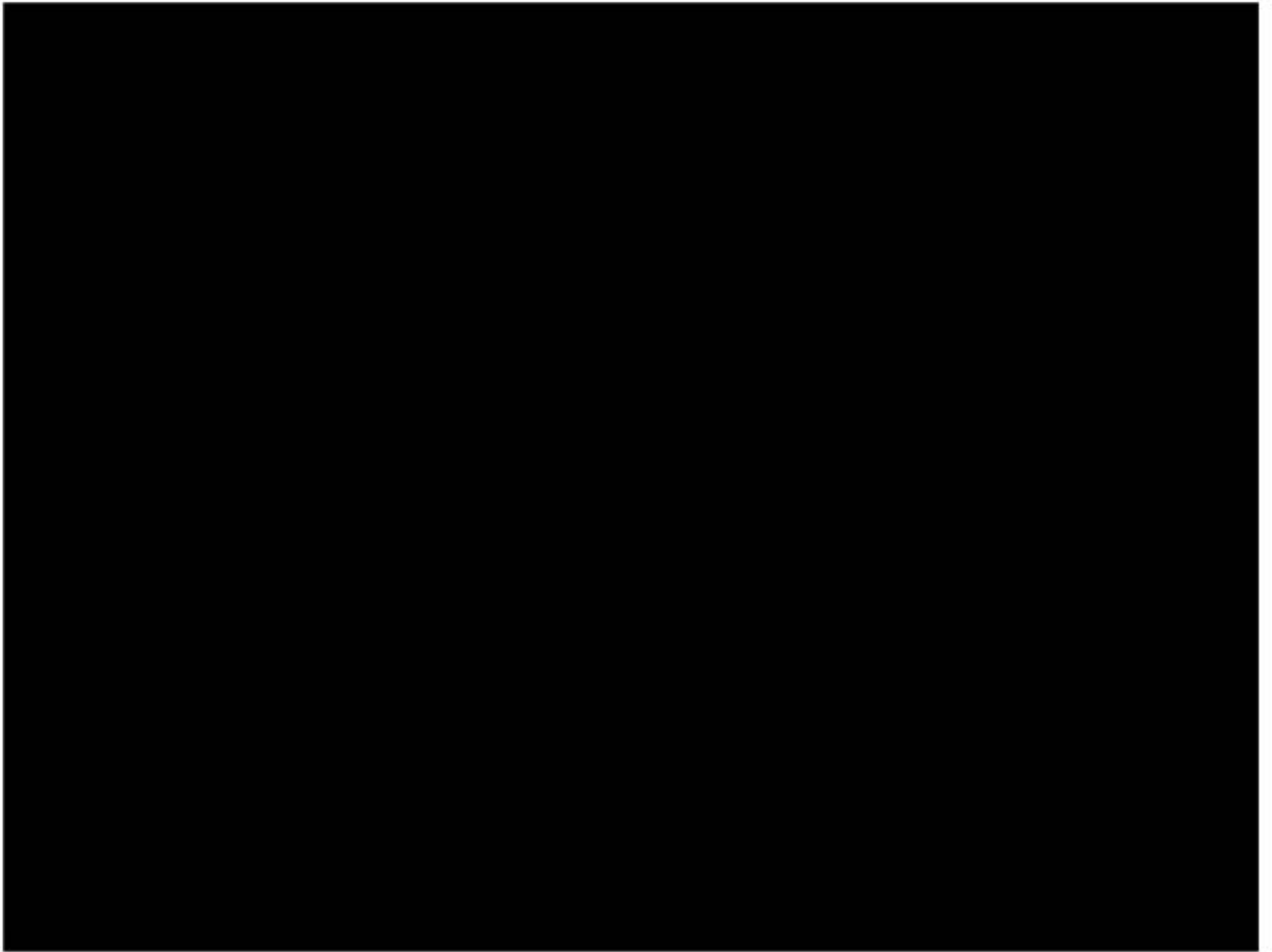
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12/19/13

Accrual Basis

Ripple Labs Inc.
Balance Sheet
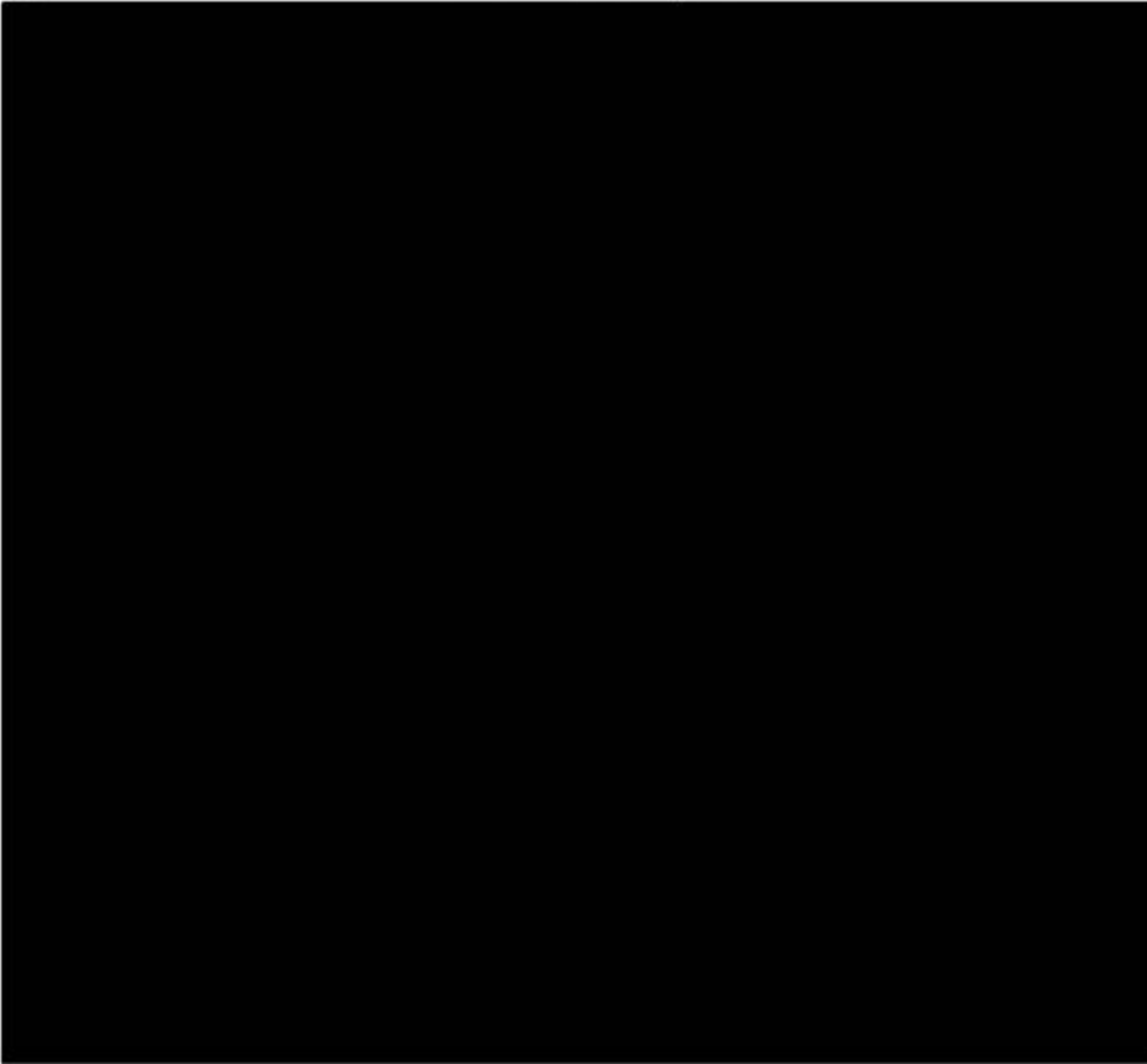### As of December 19, 2013

RPLI_SEC 0646489
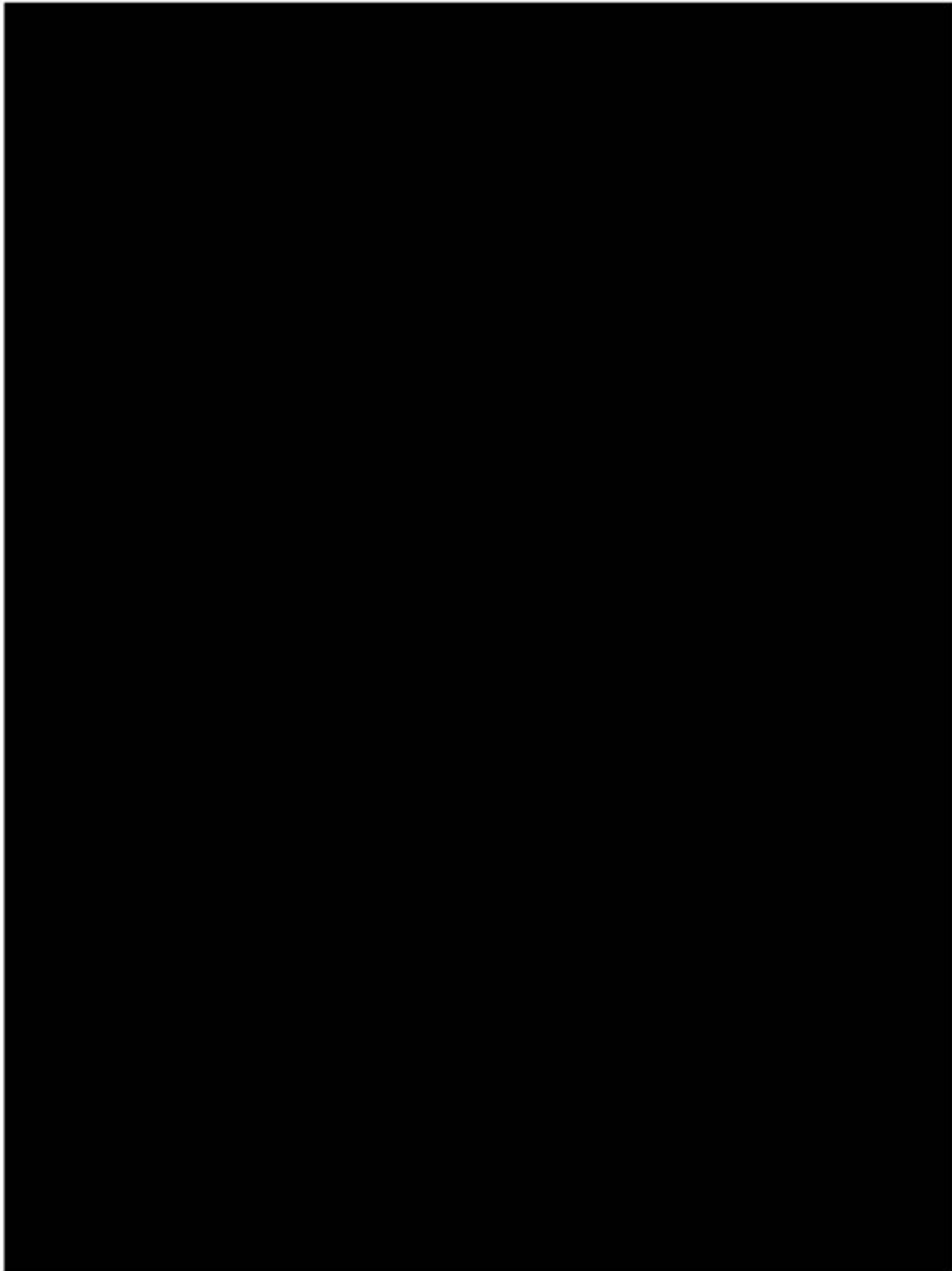
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12/19/13

Accrual Basis

Ripple Labs Inc.
Balance Sheet
As of December 19, 2013

XRP Sales & Expenses

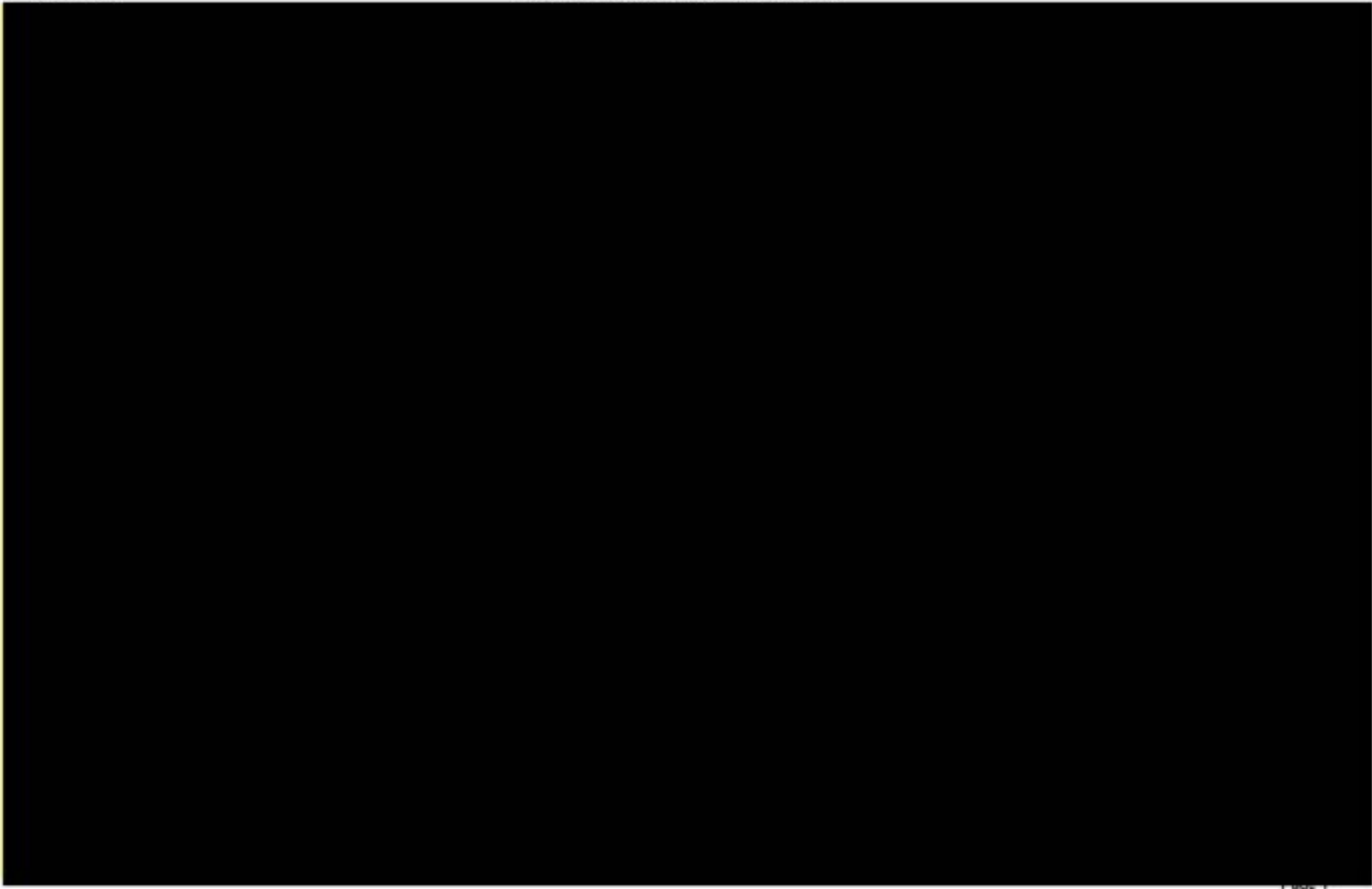|	XRP Sold	XRP in USD	XRP Expenses	XRP Expenses in USD	XRP Cash Flow
AUG 2013	105,005,525.88	$ 395,355.12	3,497,000.00	$ 15,820.00	$ 411,175.12
SEPT 2013	138,470,078.20	$ 370,313.71	0.00	$ -	$ 370,313.71
OCT 2013	71,674,909.76	$ 409,412.96	2,531,649.88	$ 14,714.12	$ 424,127.08
NOV 2013	46,456,519.74	$ 466,739.41	11,867,016.40	$ 38,469.77	$ 505,209.18
DEC 2013	25,952,002.76	$ 763,193.00	4,900,995.00	$ 67,271.36	$ 830,464.36

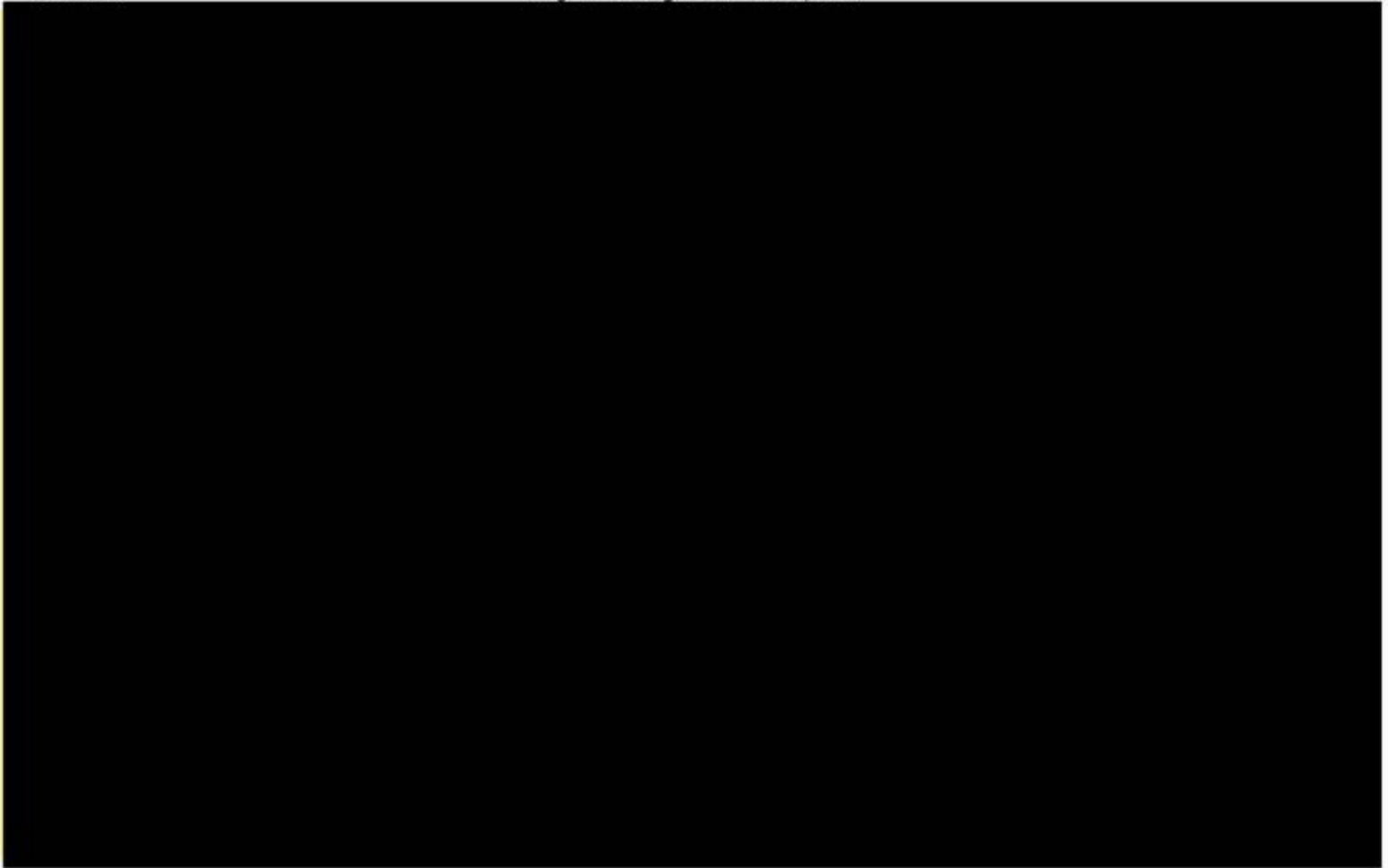**ripple**Labs

4:23 PM

12/19/13

Accrual Basis

Ripple Labs Inc.
Profit & Loss
August 1 through December 19, 2013

4:23 PM

12/19/13

Accrual Basis

Ripple Labs Inc.
Profit & Loss
August 1 through December 19, 2013

RPLI_SEC 0646493

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12/19/13

Accrual Basis

Ripple Labs Inc.
Profit & Loss
August 1 through December 19, 2013

RPLI_SEC 0646494

2014 Priorities: Trust

🔑	Trust

1. Reduce reputational risk

1. Decentralize UNLs

1. Publish XRP giveaway strategy white paper

1. Stay paranoid and vigilant on security

1. Be pragmatic and inclusive

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2014 Priorities: Utility

 Utility

1. Build reliable gateway network in key corridors (U.S., Europe, China)

1. Build gateway appliances to accelerate development for upstarts

1. Aggressively recruit talented developers to build Ripple apps
   - Ripple Labs Accelerator: 3+ startups
   - APIs/SDKs and community resources accessible via a Portal

2. Release contracts

1. Extract product data insights to identify key opportunities, issues and threats

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2014 Priorities: Liquidity

Liquidity

1. Open gateways in new corridors (at least 3 developing markets)

1. Populate order books for XRP vs major currencies (e.g. EUR, GBP, AUD, CHF, CAD)

1. Create arbitrage free pricing environment between major currencies and XRP, BTC

1. <1% spread for converting $100 USD between any of the top 10 IOUs (by cap)

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Risk Update

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Highlights for Q4 2013

- Washington State Information Request (Perkins Coie)
- Treasury Meetings (Promontory Financial)
  - AML/BSA
  - Consumer Protection
- Senate Hearings
- ███████ anking Relationship
- Ripples Payments Subsidiary & MTLs w/ Paul Hastings
- Risk Assessment
- Risk Reporting

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Outlook for Q1 2014

- California and New York MTL Applications; Further Investigation of European, Latin American, and Asian Licensing Requirements
- XRP Insider Trading Policy
- Enhancements to Ripple Protocol
  - Attestation to Identity
  - Messaging Infrastructure for Enhanced Transaction Monitoring
  - Jurisdiction
- Launch of Ripple Card/Wallet & XRP Rewards
- Use of Commodities Futures Contracts for Wholesale XRP Distribution

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Ripple Labs Product

Product focus

End consumers	Gateways	Market makers	Developers	Merchants
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple Trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Real time data, easy trading	Kickstart developer ecosystem	Spend anywhere

Product focus

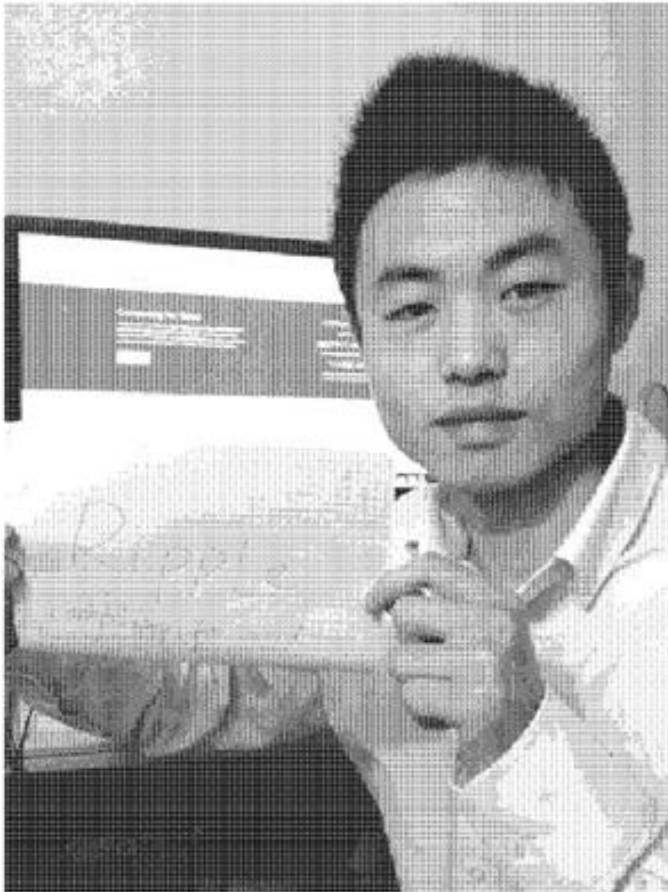|	Gateways	Market makers	Developers	Merchants
End consumers				
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple Trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Real time data, easy trading	Kickstart developer ecosystem	Spend anywhere

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Our current user

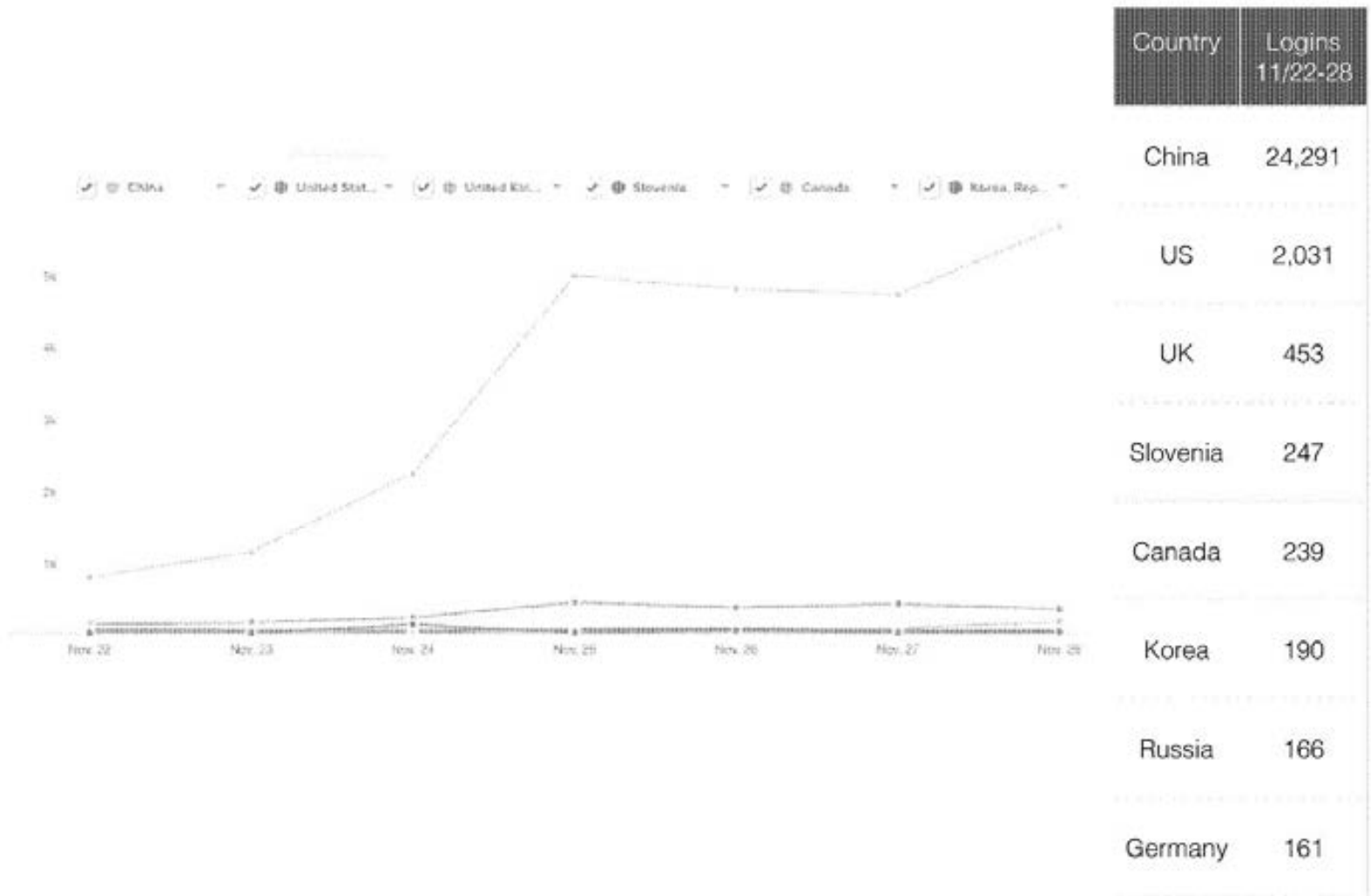
Computer science student at a Chinese university
Male in his 20s
He heard about Ripple through his friends, a Bitcoin forum or the news
Logs into Ripple Client multiple times a day, mostly to trade XRP, CNY and BTC
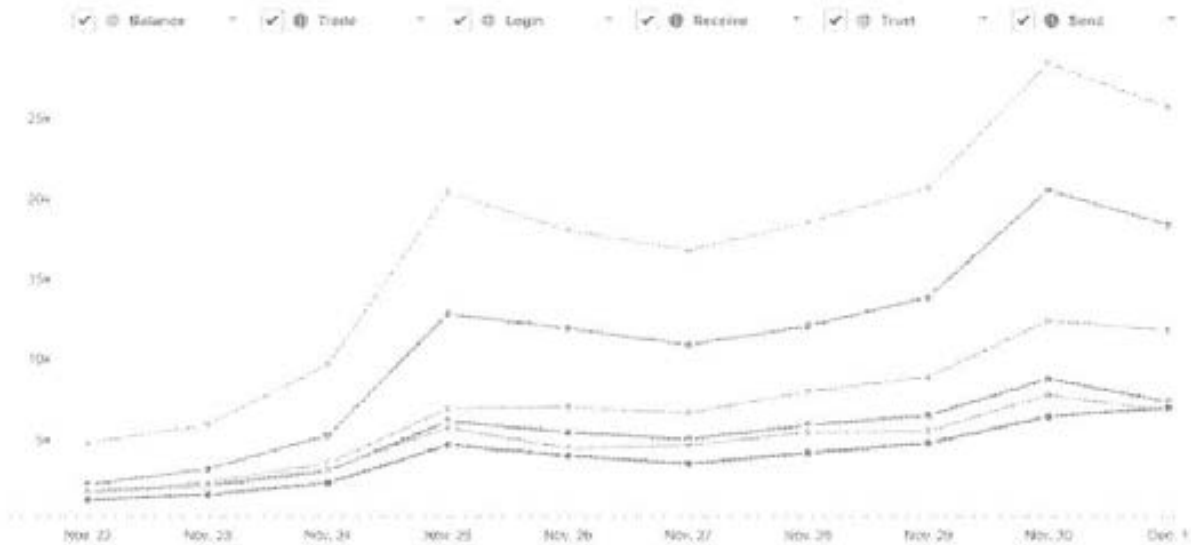Thinks he can make money from investing in XRP, and the price is right

Logins by country

Country	Logins 11/22-28
China	24,291
US	2,031
UK	453
Slovenia	247
Canada	239
Korea	190
Russia	166
Germany	161

Top client actions, 11/22-28

Page	Visits
Trade	11,880
Receive	5,716
Trust	5,290
Send	3,967
History	3,213
Contacts	3,073

Currency pairs traded, 11/22-28
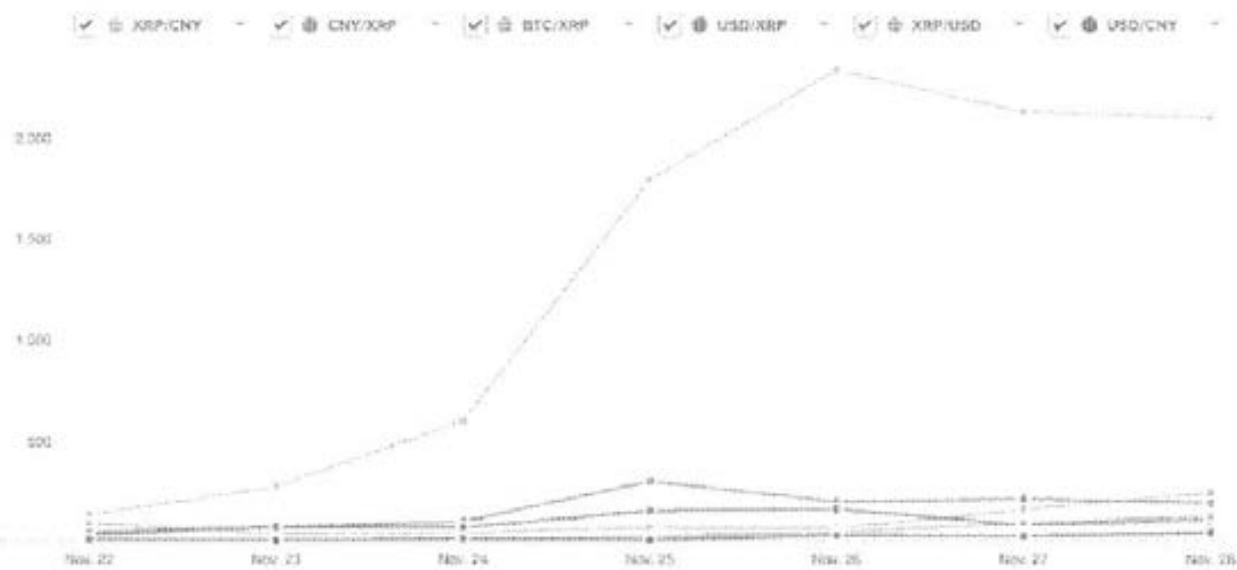
Currency pairs	Trades confirmed
XRP/CNY	2,088
BTC/XRP	236
CNY/XRP	185
XRP/USD	122
USD/XRP	100

Current funding flow

Client: sign up

Gateway: fund

Gateway: send money

ripple beta

BANK

Gateway: sign up

snap swap beta

Client: set trust line

New: complete everything on the client

Ripple Client - other priorities

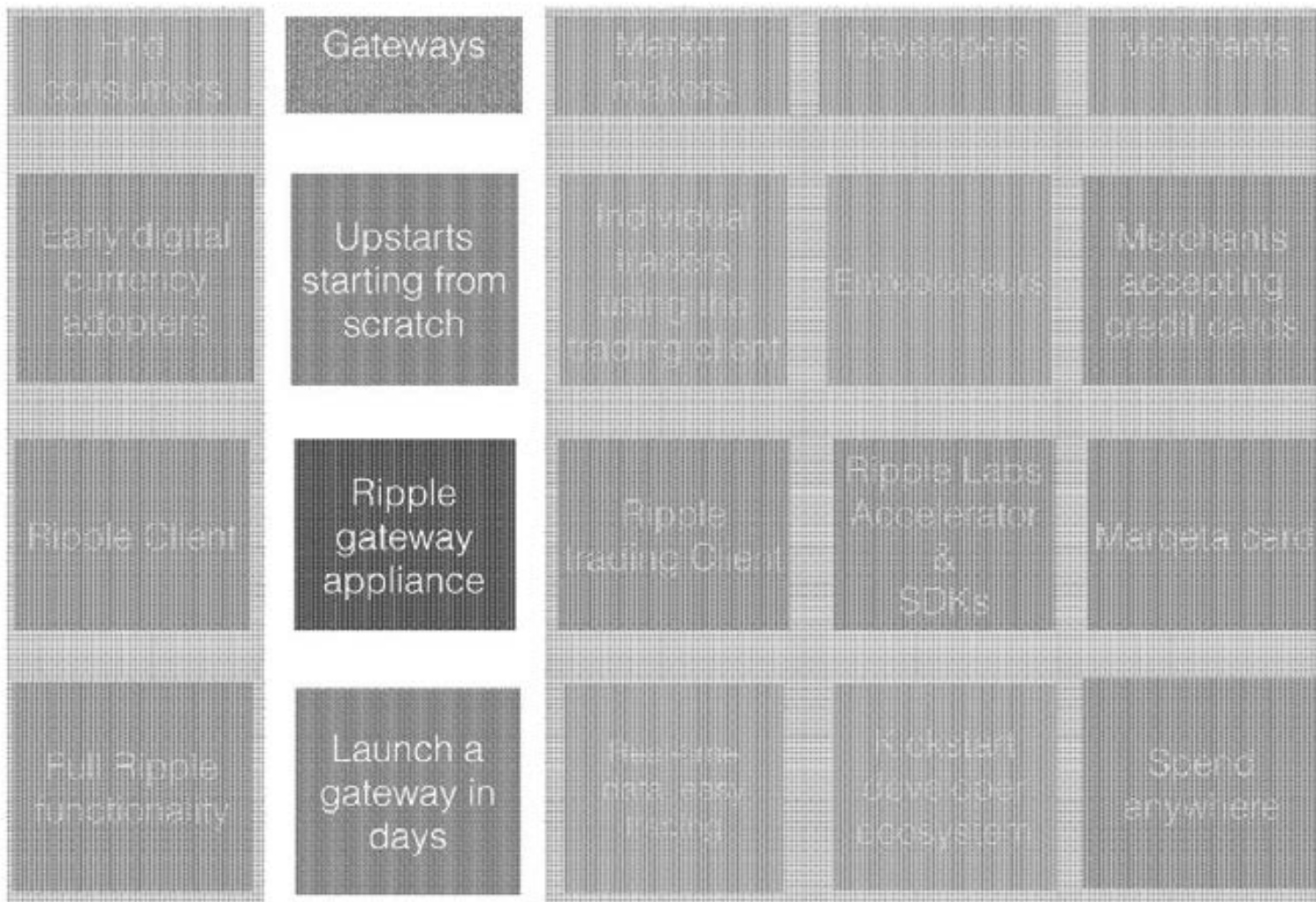Store more information in accounts (KYC, email, phone number)

Account security
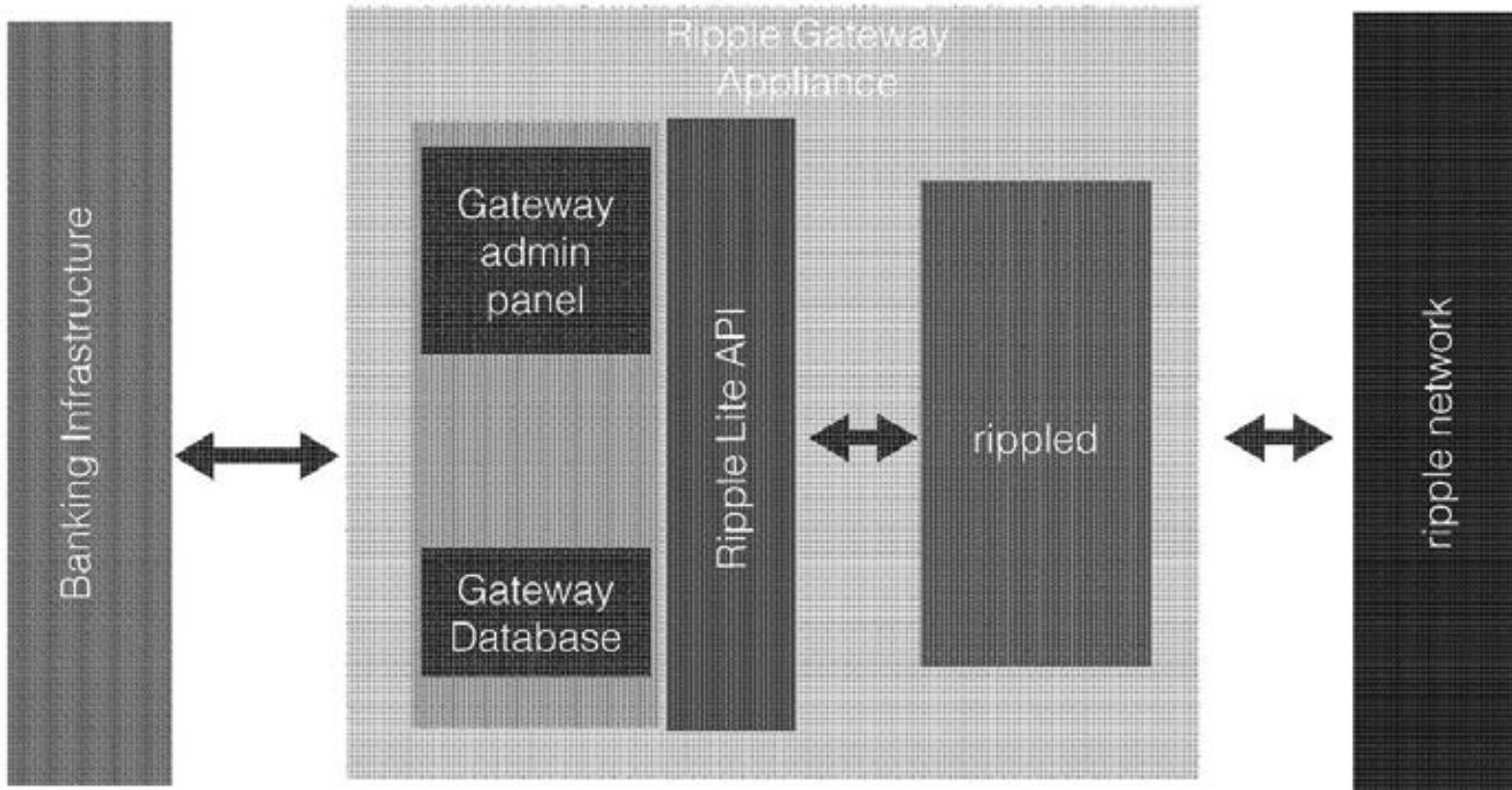
Internationalization (China)
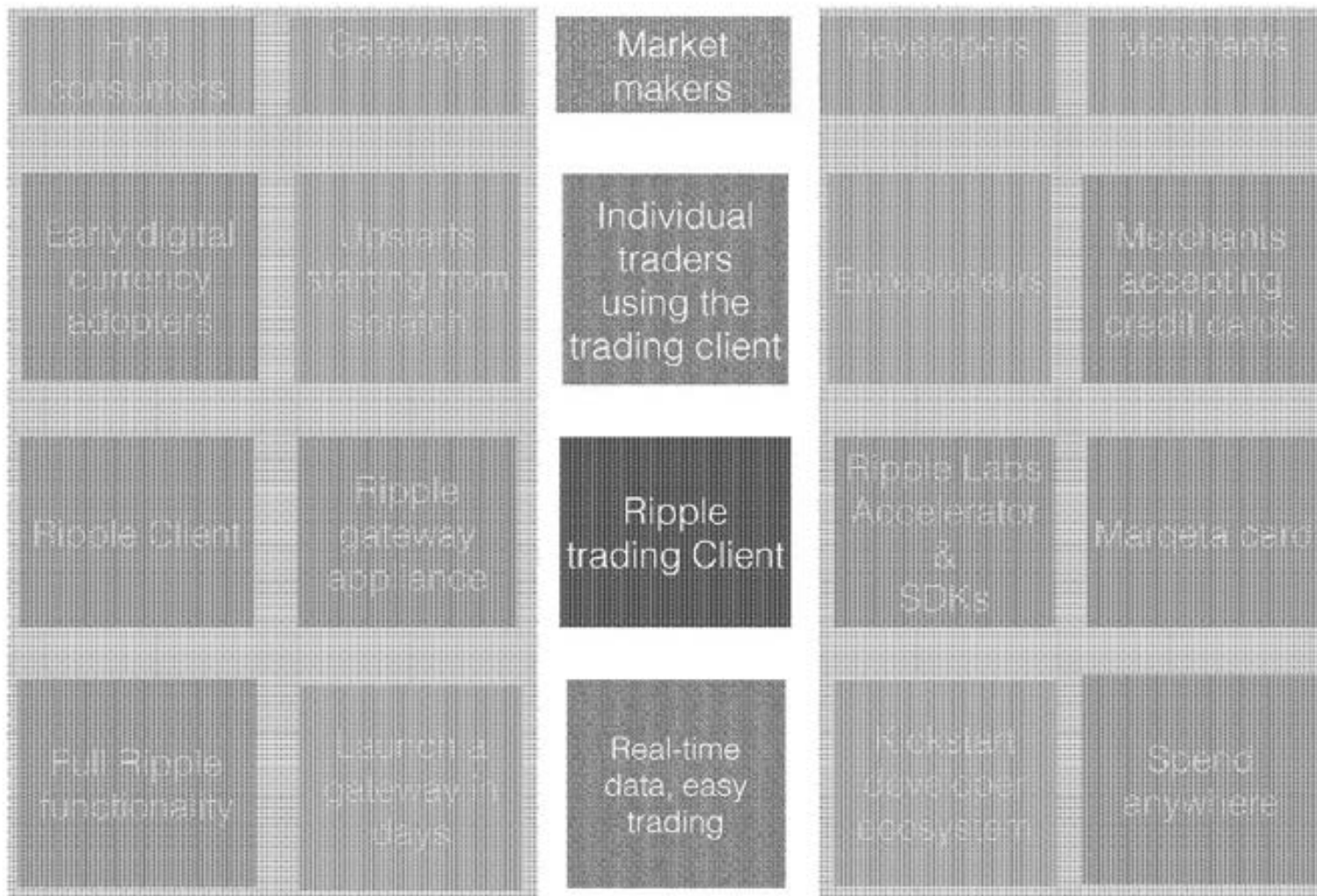
Fund with cash

Fund and spend with bitcoin

RPLI_SEC 0846509

Product Focus

	Gateways	Market makers	Developers	Merchants
End consumers				
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple Trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Reliable hands-off tools	Kickstart developer ecosystem	Spend anywhere

RPLI_SEC 0846510

Ripple Gateway Appliance

Ripple Gateway Appliance

Banking Infrastructure

Gateway admin panel

Gateway Database

Ripple Lite API

rippled

ripple network

Product Focus

		Market makers		
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Real-time data, easy trading	Kickstart advanced ecosystem	Spend anywhere

RPLI_SEC 0846512
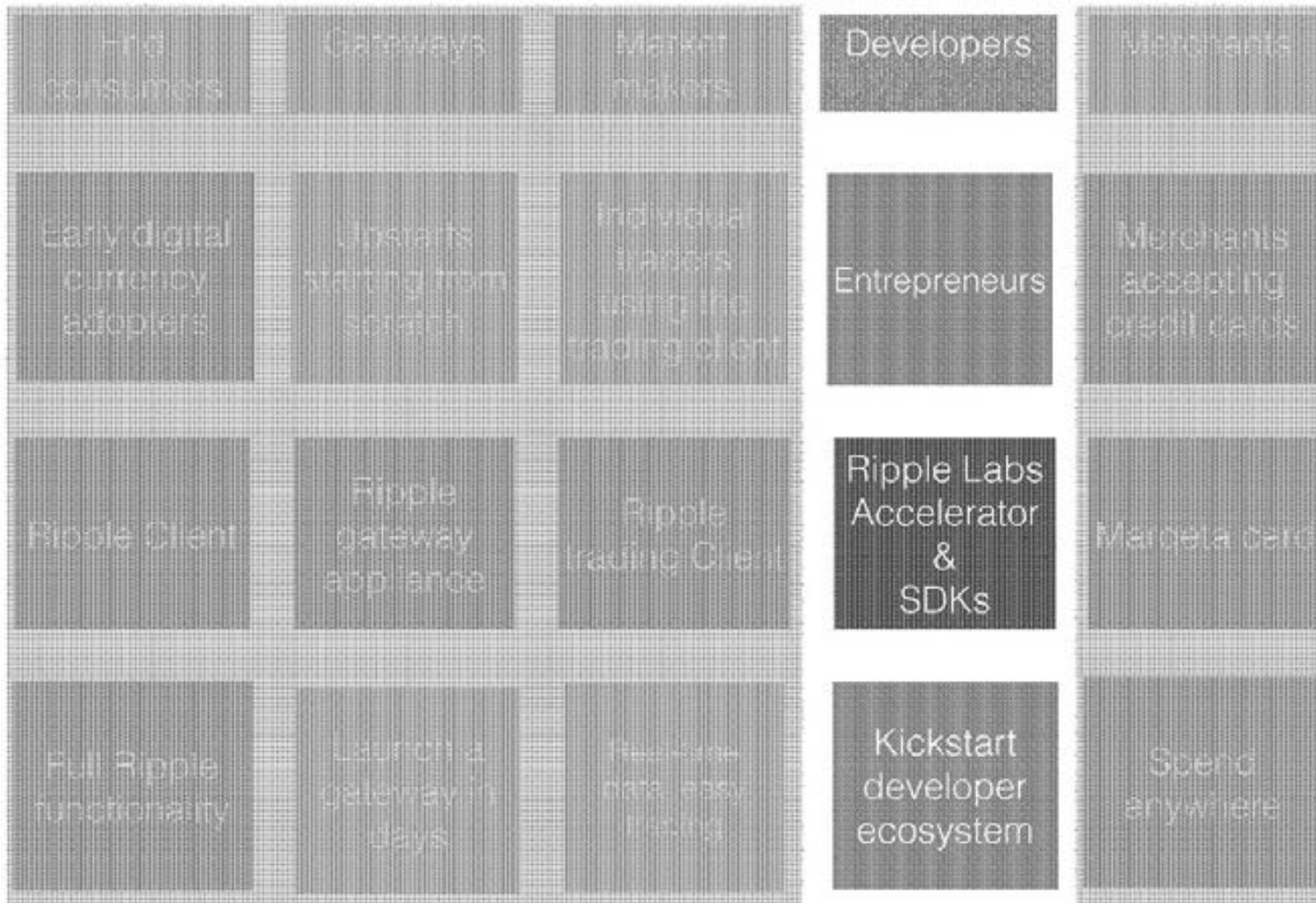
Ripple Charts V2: real-time prices

Trading client priorities

Default XRP to base currency

Separated "Buy" and "Sell" widgets

Auto-populate orders

Safeguards for fat fingers

Product Focus

			Developers	Merchants
End consumers	Gateways	Market makers	Developers	Merchants
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple Trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Real-time has easy access	Kickstart developer ecosystem	Spend anywhere

Ripple Labs Accelerator

- Goals

  - Attract & mentor top third-party developers to create innovative applications on Ripple, kickstarting the developer ecosystem

  - Develop the Ripple story as a payments platform that enables OTHER developers to create businesses on top of Ripple

  - Obtain direct feedback from developers on features, APIs, SDKs, and documentation

Ripple Labs accelerator

- Launchpad for startups wishing to build on the Ripple network

- Ripple Labs provides office space and access to engineering, product, and business resources

- Outsource daily operations to 3rd party firm

  - Pilot with Menlo Incubators

  - Open up to regional incubators in NY, China, & London in next phase

Ripple Labs accelerator

- Next Steps

  - Finalizing accelerator program design

  - Finalizing agreement with initial incubator

  - Pilot to start in Q1 2014

RPLI_SEC 0846518

Product Focus

				Merchants
Find consumers	Gateways	Market makers	Developers	
Early digital currency adopters	Upstarts starting from scratch	Individual traders using the trading client	Entrepreneurs	Merchants accepting credit cards
Ripple Client	Ripple gateway appliance	Ripple Trading Client	Ripple Labs Accelerator & SDKs	Marqeta card
Full Ripple functionality	Launch a gateway in days	Register, fund, trade in min	Kickstart developer ecosystem	Spend anywhere

Marqeta card

Ripple Labs Giveaways

Past Giveaways

- Past Approach

  - broadly distribute XRP to digital currency early adopters and developers

  - strong urgency to distribute as fast as possible

Past Giveaway outcomes

	XRP distributed	New accounts	% accounts contributing network activity	% wallets dumping XRP	Community sentiment
Bitcoin Talk	1.7 million	1,523	2.3%	81.05%	Positive
Weibo	8.2 million	2,734	19.5%	62.48%	Negative
Github	25 million	7,675	21.0%	25.5%	Negative
Computing for Good	21 million and counting	1,711	37%	8%	Positive

ComputingforGood.org

world community grid.
technology solving problems

Help improve the odds for cancer patients

Early and accurate detection saves lives.

Power the search for molecular markers that will help researchers detect cancer earlier and design more effective treatments.

- Positive PR

  - In 2 weeks, we passed IBM, and are at 200 years of computing time per day: "I've never seen anything like it! ...as an experienced number cruncher, it's been astounding to watch."

- Minimal Gaming

  - Effort needed to earn XRP equivalent to effort spent

- Increased network activity, less cashing out

  - 37% of wallets have had activity since the giveaway, just 8% cashed out via a gateway

Go-forward XRP distribution strategy

- Goal : Focus on long-term programs that generate more XRP demand than the supply injected into the market

- Consumer

    - Continue to work on broad-based giveaways that add utility to network

- Business Development Incentives

    - Attract partners who provide significant utility (e.g. ▮▮▮▮ through XRP based incentives

- Developers Programs

    - Fund and incubate startups building on the Ripple network

    - Activate developer community to improve Ripple network through developer bounties

- Support PR Outreach

    - Giveaways (e.g. computing for good) where XRP reward is equivalent to effort spent

Business Development update

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Strategic Goals – 2014 OKR

- Objective
  - H1: minimum viable network, facilitate cross-border payments
  - March 2014: Build B2B case and user flows

- Key Results
  - 1: US Gateway Operational
    - Provides liquidity in USD with ACH or non-cross-border mechanism
    - Gating factor
  - 2: Cross-Border Accounts Payable Implementation
    - US Gateway is helpful
    - Builds repeatable model
    - Requires Market Makers
  - 3: Interbank Settlement (Correspondent Network)
    - Beachhead for network

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Targets

- Gateways
  - Remittance
  - Payroll, Benefits, Bill Pay
  - Interbank funds transfer
  - Vendor-side vs Direct
- Merchants
  - Accounts payable
  - Vendor-side vs Direct (shopping carts, payment gateways)

- Market Makers
  - High Frequency Traders
  - Algorithmic
  - Electronic Market Makers

- Bridging
  - 'Ride the Rails' – offset transactions to traditional payment rails
  - Turnkey API module for bridge operators

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Unfinished Business from 2013

- Tighten up existing gateways (automation, federation, bridging)
- Finalize integrating partners
- Modules and SDKs
- Institutional market maker
- Network Metrics
- Continue growing team (additional implementation engineers)

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Team

- 8 Strong
- Directors
  - Merchants – █████████████████
  - Emerging Markets – █████████████
  - **Financial Services** – ████████████
  - Markets and Trading – Philip Rapoport
- Integration
  - Implementation Engineer – ████████
  - Integration Security – ██████████
  - China Liaison – ███████████████
- Team OKR's for 2014 in place

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Live Partners

Gateways

- RippleCN
- RippleChina
- ⬛⬛⬛
- Bitstamp
- ⬛⬛⬛
- ⬛⬛⬛
- ⬛⬛⬛
- ⬛⬛⬛
- Ripple Israel
- Ripple Money
- XRP China

Market Makers

- ⬛⬛⬛
- ⬛⬛⬛

Resellers

- ⬛⬛⬛
- ⬛⬛⬛
- ⬛⬛⬛
- ⬛⬛⬛

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Deal Highlights

Gateways & Merchants

- ███████████████ MR points offset
- ██████████ - Mexico remittance pilot
- ████████ - XRP, BTC on Discover
- ███████ - China accounts payable
- ████████ - bundled wallet in OS
- █████████ MENA & South Asia remittance
- ███████ - mobile wallet provider (SingTel, G-Kash)
- █████████ top retail payout network in Mexico
- ████████ top retail payout network in Mexico

Market Makers

- ████████ $2B AUM
- ████████
- ████████
- ████████
- ████████
- ████████

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Deal Leverage – only incentive-based

- XRP is our only tool
- BD can commit dev resources, but not as leverage
- The size of XRP incentives will reduce with every announced deal

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Pipeline Stats

Deal Funnel Summary

(Horizontal bar chart, # of Partners)

- 7.Live — 12
- 6.Integration — 7
- 5.Integration Planning — 9
- 4.Negotiating — 6
- 3.Proposals — 33
- 2.Qualified — 49
- 1.Leads — 204
- Pend — 66
- Pass — 18

# of Partners

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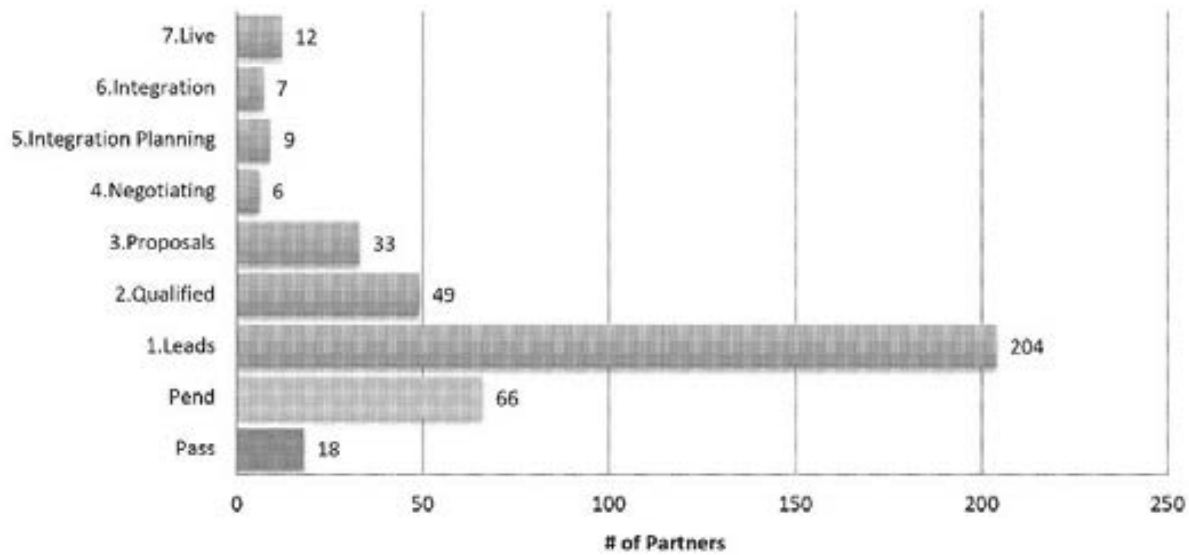
Planning and Integrating

Planning Integration

- █████████
- █████████
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- █████████
- █████████
- █████████
- █████████
- █████████

Integrating

- Rippex
- ████████
- ████████
- Ripple Singapore
- ████████
- Ripple Latam
- ████████

Highlights

- 16 projects in process
- Key Currencies: BRL, SEK, MXN, INR, UAH
- New Asset: Gold
- Key Territory: Latin America
  - Licensed processing in Uruguay, Peru, Brazil, Chile, Mexico
- Consumer Product for Ripple Pay
- Anchor Market Maker
- US foothold

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Proposal Negotiation

Partners

- ████████████
- ████████████
- ████████████
- ████████████
- ████████████
- ████████████

Highlights

- Building on ████████
- Competing Market Makers will tighten spreads

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Advocacy and Distribution

- Conferences and Speaking Events
- Sales-Side Equity Analyst Coverage
- Bonded XRP sales discounted from par
  - Attract top tier fund managers looking for long term exposure

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APPENDIX

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Merchant Rewards

RPLI_SEC 0646541

Merchant Rewards

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Ripple Labs
Liquidity Update

December 18, 2013
Confidential – For Internal Use Only

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Ripple Currency Exchange Daily Volume
10-day Rolling Average

Legend:
- 10-day average USD volume (LHS)
- 10-day average XRP volume (RHS)
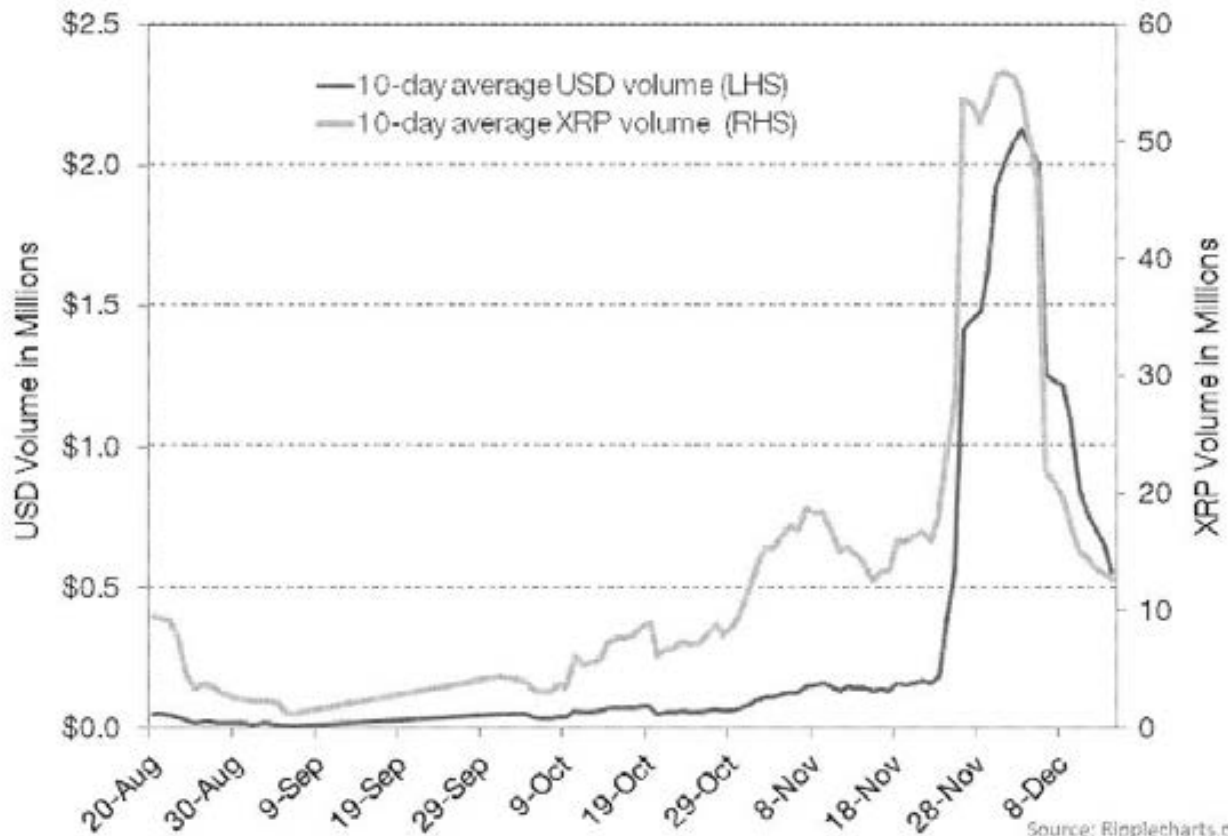
Source: Ripplecharts.com, Ripple Labs
Data includes: Bitstamp (USD+BTC), RippleCN (CNY), RippleChine (CNY), and Snapswap (USD) gateways

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2

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December MTD Volume By Currency Cross
a/o December 15, 2013

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3

Selected Gateway Capitalization
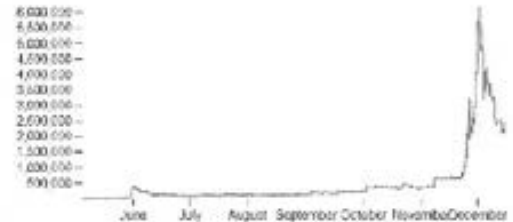

Bitstamp (BTC)
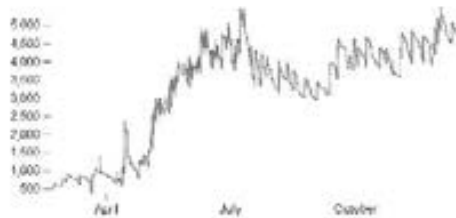
Bitstamp (USD)
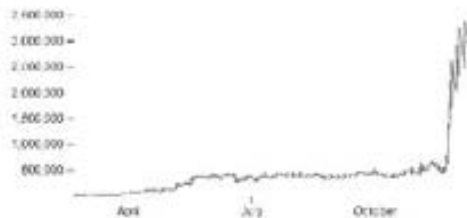
SnapSwap (USD)

RippleChina (CNY)
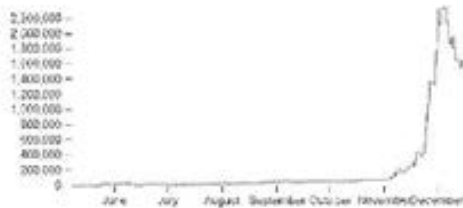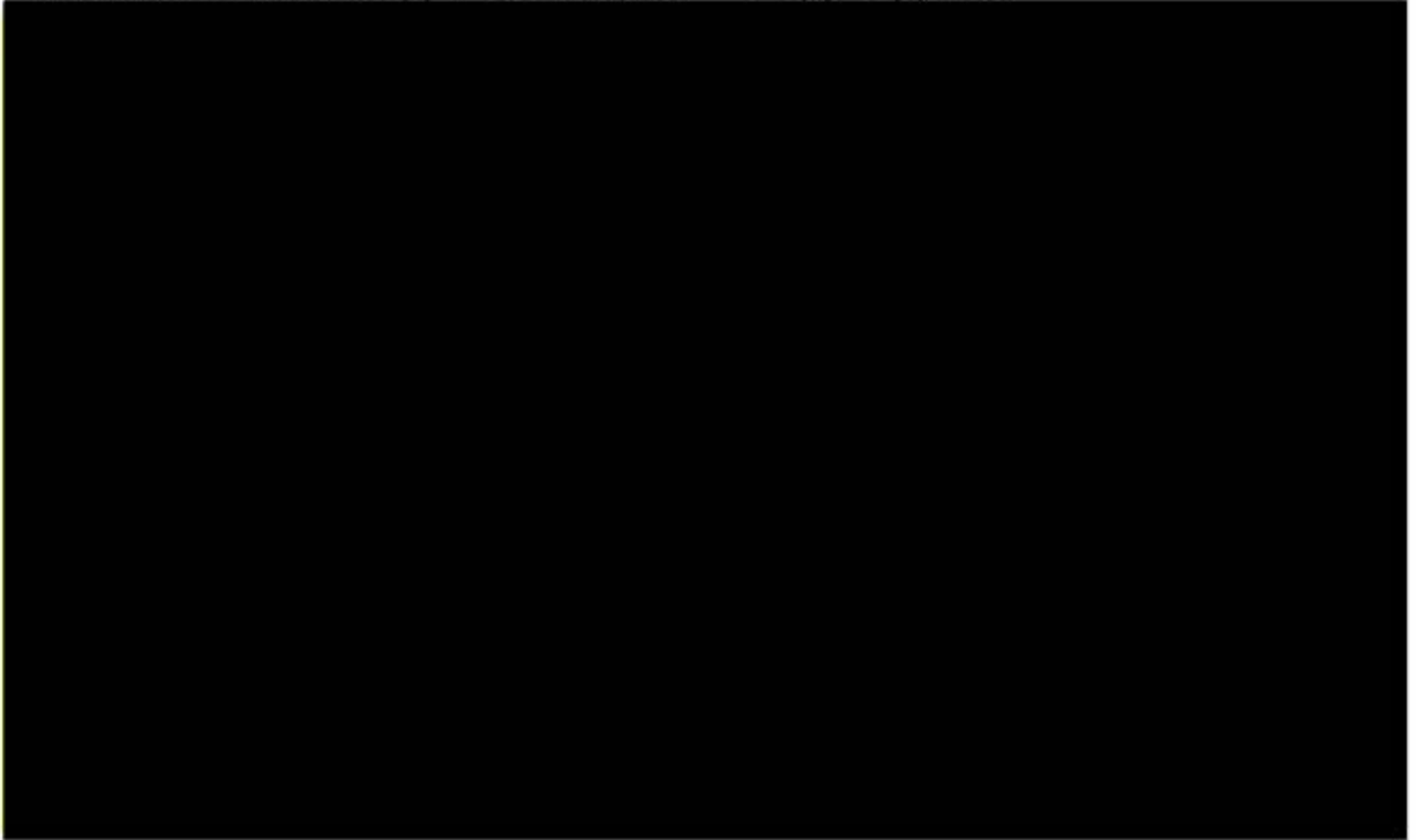
RippleIsrael (ILS)
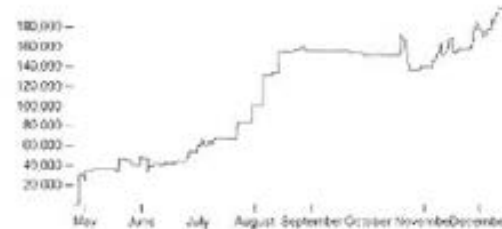
rippleCN (CNY)

Source: Ripple Labs

4

Market Making Partners - Highlights

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5

1H' 2014 Liquidity Goals

- Populate Order Books for XRP versus the major currencies (EUR, GBP, AUD, CHF, CAD)

  - There is likely latent XRP demand from regions where there is no practical way to buy XRP. We need to open these flood gates.

- Arbitrage Free Pricing Relationships in Major Crosses:

  - Ripple prices should reflect "real world" markets. EUR/USD should accurately reflect XRP/EUR and XRP/USD. Equivalencies should hold true for users across major crosses.

- <1% Spread for Converting $500 between any of the top 10 IOUs by market cap

  ███████████ etail charges 5%-6% spreads.
  ███████████ Business Services charges 0.75% - 1.0% spreads

  - Ripple can likely outcompete these prices in 2014.

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6

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Technical update

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Agenda

- Review Q4 2013
  - Focus: Hiring
  - Trust
  - Utility
  - Liquidity
- Goals 2014

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Hiring - Review

- C++
  - Added ███████████████
  - From 2 to 4 developers

- JavaScript
  - Added ████████████████████████
  - From 4 to 8 developers

- Mobile
  - Added ████████████████
  - From 0 to 3 developers

- Hired ████ as Head of Operations

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Trust

* Open-sourced rippled
  - Github: 727 developers starred, 139 forks

* Client internationalization
  - 17 community-driven translations in the works
  - Chinese & Italian ready to deploy

* QA
  - New tests; from ~100 to 737
  - Public Continuous Integration (CI)

* Ledger history integrity verified

English (source language)		160%
Chinese (China)		100%
Italian		93%
Spanish		70%
Portuguese (Brazil)		78%
Polish		81%
Ukrainian (Ukraine)		53%
Armenian		33%
Greek		24%
Thai		27%
Turkish		23%
Slovenian		26%
Dutch (Netherlands)		27%
German		12%
Dutch (Belgium)		0%
Persian (Iran)		0%
Russian		2%
Slovak		0%

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Trust (cont'd)

- No-ripple flag
  - Prevent gateway-gateway rippling

- Peerfinder
- Multi-server support

- Utilities
  - API Explorer _____
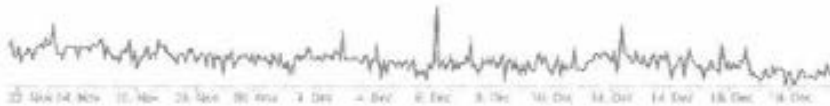
- Network status dashboard
  - ███████████████████

Ripple WebSocket API tool

Request

account_info

JSON

Response

Stream output

Trust (cont'd)

* Network latency improvements

Ripple Labs Rippled Server Mean Global Response Time (?)

* Security review by ████████

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Utility

* Bridges
    - E.g. Bitcoin, Alipay

* Federation
    - username@gateway.com
    - Extended federation: Custom bridges, invoices

* Responsive client
    - Immediate support for all mobile platforms, including iOS

* Single currency debit, multi-currency debit
* Analytics and tracking

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Liquidity

- Trade tab
  - New interface; order auto-fill
  - Moved to top-level navigation

- Fixes for order engine
  - Negative spreads

- New data analysis architecture
  - CouchDB / MapReduce
  - All accounts; realtime

- New client features
  - Convert tab
  - History tab

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Strategic Goals – 2014 OKR

- Objectives
  - Decentralization, stability and performance

- Key Results
  - 1: Ripple Labs does not control validation network
    - Add validators run by partners
    - Change recommended UNL
  - 2: Contracts
    - Password recovery; XRP bonds
  - 3: Public API QoS
    - E.g. account_* 99.9% availability at <250ms latency

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Targets 2014 Q1

- Services API
  - Manifest / Profiles
  - Improved signup flow

- Trading
  - Orderbook bridging
  - Realtime offer funding status

- Gateway Appliance
  - Reduce integration costs
  - Faster turnaround

- Merchants
  - Federation for invoices
  - Order status
  - Payment flow

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